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MATTAGAMI LAKE MINES LIMITED

(NO PERSONAL LIABILITY)

annual report 1971

MATTAGAMI LAKE MINES LIMITED

(No Personal Liability)

ANNUAL MEETING — Mattagami Lake Mines, Limited. Le Chateau Champlain, Montreal, Quebec, on Wednesday the 12th day of April, 1972, at 11:00 o'clock in the forenoon (Montreal time).

MATTAGAMI LAKE MINES LIMITED *(Incorporated under the laws of Quebec)*
(NO PERSONAL LIABILITY)

Head Office: MATAGAMI, QUEBEC

EXECUTIVE OFFICE:

44 King St. West, Toronto, Ontario

MINE OFFICE:

Matagami, Quebec

MANAGER:

CAMILLE MARCOUX

AUDITORS:

PEAT, MARWICK, MITCHELL & CO.

Toronto, Ontario

REGISTRAR AND TRANSFER AGENT:

CANADA PERMANENT TRUST COMPANY

Vancouver, Calgary, Saskatoon, Winnipeg, Toronto,
Montreal, St. John, N.B., Halifax, Charlottetown,
St. John's, Nfld.

SOLICITORS:

MILLER, THOMSON, HICKS, SEDGEWICK, LEWIS &
HEALY

BANKERS:

CANADIAN IMPERIAL BANK OF COMMERCE

THE BANK OF NOVA SCOTIA

DIRECTORS:

M. W. AIRTH Toronto

J. M. R. CORBET Toronto

R. G. DUTHIE Vancouver

J. A. HALL Toronto

N. B. KEEVIL Toronto

R. LETOURNEAU Quebec

T. H. McCLELLAND Vancouver

J. B. REDPATH Toronto

W. S. ROW Toronto

W. DENT SMITH Wilmington

OFFICERS:

W. S. ROW President

T. H. McLELLAND Vice-President

J. A. HALL Vice-President

M. W. AIRTH General Manager

R. C. ASHENHURST Secretary and Treasurer

B. C. BONE Assistant Treasurer

B. H. GROSE Assistant Secretary

REPORT OF THE DIRECTORS

To the Shareholders:

Total ore milled in 1971 was 1,386,160 tons compared with 1,430,864 tons in 1970. The grade of ore milled averaged 9.3% zinc and 0.62% copper, slightly higher than ore reserve grade. At the end of the year 19,800 tons of concentrate were stockpiled at Quebec City. These concentrates are shown on the Financial Statements at cost, accounting for some 8¢ per share of the reduction in earnings to 87¢ per share in 1971 compared with \$1.20 per share in 1970. Higher costs, loss of the premium on the U.S. dollar for the full year, lower average price of copper, increased taxes and reduced sales value of cadmium were factors which more than offset the increase in the price of zinc.

Interim dividends of 30¢ per share were paid quarterly but due to the reduced profits and the possibility of greater expenditures for development work in the Sturgeon Lake area of Ontario, the extra 30¢ paid in the three previous years was omitted. This has allowed the Company to maintain a healthy financial position.

Due to the fact that Mattabi Mines (60% owned by your Company) is still in the construction stage the Financial Statements have not been consolidated, but the Mattabi Balance Sheet has been included. In future years Consolidated Financial Statements will be presented.

AT THE MINE

With the exception of a Christmas through New Year holiday shut-down, operations were at full normal capacity. Ore reserves, after the addition of some 583,000 tons of lower than average grade ore, are 15,893,000 tons showing a depletion for the year of 803,000 tons.

ZINC REDUCTION PLANT

Due to market conditions, production at the electrolytic zinc plant at Valleyfield, P.Q., was only 119,600 tons of slab zinc, approximately 83% of capacity. Recoveries of both zinc and cadmium improved during the year and metal inventories were reduced.

St. Lawrence Fertilizers' production was limited to 67% of capacity, due to lack of sales. The net loss for 1971 was \$728,600. Your Company's 62.5% of the loss is reflected in the Financial Statements. A net loss is also forecast for 1972.

GENERAL SMELTING COMPANY

On April 1st, the assets of General Smelting Company of Canada Ltd. were sold for a 40% interest in a new company, Federated-Genco Limited, which also acquired certain assets of Federated Metals Company of Canada Ltd. The new company operates secondary metal plants in Burlington and Scarborough in Ontario and in Montreal, Quebec.

MATTABI MINES LIMITED

During the year Mattabi completed the arrangements to borrow \$39 million capital loans from Canadian banks and repaid the interim loans provided by your Company. At December 31st, \$22,025,000 had been

borrowed from the banks and a further \$10,600,000 had been spent or committed under the development and construction programme. Providing there are no interruptions in the construction work, production is expected to commence in the third quarter of 1972. A \$3.5 million working capital loan has also been arranged.

OUTSIDE EXPLORATION

Your Company continued its exploration programmes in the Sturgeon Lake area of Ontario as well as in other areas of Eastern Canada. Early in 1971 diamond drilling on Group 23, some four miles east of Mattabi Mines and immediately north of a common boundary with Sturgeon Lake Mines, outlined 826,000 tons of ore averaging .015 ounces of gold per ton, 5.24 ounces of silver per ton, 9.19% zinc, 1.22% copper and 1.40% lead on ground owned by Mattagami. The larger part of the ore body is on claims owned by Sturgeon Lake Mines Limited and it appears that most of the ore can be mined by open pit. Studies of mining plans and methods have been initiated.

Approximately 4000 feet northwest of the above deposit 25 diamond drill holes have indicated an ore body with a strike length of 700 feet, open at both ends on strike and at depth. Drilling continues.

After the results of the drilling on Group 23 were announced, certain persons disputed the staking by contract stakers, two years earlier, of the claims encompassing the proven ore and of other claims in the Sturgeon Lake area. Notwithstanding a ruling in favour of your Company on the claims covering the proven ore the disputants appealed the decision and rather than risk the possibility of loss of any of the ore, an out-of-Court settlement covering all the claims under dispute was agreed to.

Exploration is continuing on your Company's claims in the Sturgeon Lake area, Abitibi Block No. 7 and in other parts of Eastern Canada. The exploration budget for 1972 is \$650,000.

METAL MARKETS

Zinc

With rising U.S. automobile production and housing construction, zinc consumption rose 6% in the United States and 3% overall. Production was limited by further smelter cutbacks, and the closure of four smelters in the United States and two in the United Kingdom. Metal stocks dropped sharply in the United States and imports increased, particularly from Canada, while overseas the market remained in balance.

Prices in North America rose from 15¢ to 17¢ by July and were increased overseas in June by the equivalent of 2.3¢ to 16.3¢ U.S., which rose to 17.4¢ U.S. with the devaluation of the U.S. dollar in December.

Copper

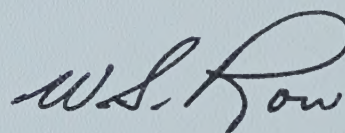
World production and consumption both declined marginally in a year marked by uncertain demand and

loss of confidence overseas. Although production capacity increased, actual refined output was reduced by the U.S. industry strikes, lower mine production in Zambia and problems in Chile.

The London Metal Exchange prices declined from 58¢ U.S. per pound in April to 47½¢ at the year end, while the U.S. producers' price moved from 50¾¢ to 52¾¢ in March and then to 50¼¢ in November. Prices in Canada started at 51¢, rose to 53¢ in March and again to 53¾¢ in June with the weaker Canadian dollar, before being reduced to 50¾¢ in November.

The Directors express to Mr. Camille Marcoux, Manager of Mattagami Lake Mines, to Mr. K. H. Heino, Manager of Canadian Electrolytic Zinc, to Mr. J. C. White, Manager of Mattabi Mines and to the staff members, appreciation for the effective manner in which they discharged their responsibilities during the year.

On behalf of the Board,



President.

Toronto, Ontario,
February 9, 1972.

REPORT OF THE GENERAL MANAGER

SUMMARY OF DEVELOPMENT FOR 1971

Gentlemen:

Operations at the property during the year ended 31 December 1971, and other development in which the Company is interested, are reviewed in the following report.

Production	1971	1970
Ore milled—dry tons	1,386,160	1,430,864
Daily rate	3,798	3,920
Calculated grade of ore milled		
Zinc — %	9.3	9.1
Copper — %	0.62	0.59
Gold — oz./ton	0.019	0.014
Silver — oz./ton	1.07	0.86
Zinc concentrate produced		
Short dry tons	221,660	221,739
Grade — % zinc	52.5	53.1
Copper concentrate produced		
Short dry tons	32,057	30,989
Grade — % copper	20.0	20.2
Gold — oz./ton of concentrate	0.148	0.130
Silver — oz./ton of concentrate	8.62	7.39

The zinc concentrate was shipped to the Canadian Electrolytic Zinc plant at Valleyfield, Quebec, to Quebec City for export overseas, and to the United States.

All copper concentrate was shipped to the smelter of Noranda Mines Limited.

MILLING

The mill operated 96.6% of the possible time. Tonnage treated was slightly lower than in 1970.

Metal recoveries were as follows:

	1971	1970
Zinc %	90.1	90.3
Copper %	74.0	74.2

MINING

Mine development continued on stope and pillar preparation in the No. 1 orebody. This work consisted mostly of preparation of pillars and the ore below the 750 foot level for mining by the load-haul-dump method.

Excavation of the 960 level crusher room was completed and the crusher and conveyor installation was 95% completed by year-end.

Drifting into the low grade Ni-Cu zone continued on the 750 foot level and a drive was started on the 350 foot level toward this area.

	Primary Development		Stope Preparation		Diamond Drilling	
	Feet	Slash cu. ft.	Feet	Slash cu. ft.	Holes	Feet
Total	3,053	48,425	15,856	151,945	29	5,254

Extension rod drilling amounted to 807,885 feet of two inch hole. At year-end there was a drilled off tonnage in stopes and pillars of 2,178,605 tons grading 8.2% Zn and 0.64% Cu. This represents an increase of 5.8% in extension rod drilling over 1970 due to drilling off complete stoping blocks prior to mining.

ORE RESERVES

Proven reserves for the No. 1 orebody, calculated to mining outline, are as follows:

Tons	% Zinc	% Copper	Gold Oz./ton	Silver Oz./ton
14,574,757	8.8	0.66	0.012	1.08

Proven ore calculated for No. 2 orebody as follows:

Tons	% Zinc	% Copper	Gold Oz./ton	Silver Oz./ton
1,318,403	9.2	0.65	0.013	1.07

Total ore reserves in both No. 1 and No. 2 orebodies, without allowance for dilution, is as follows:

Tons	% Zinc	% Copper	Gold Oz./ton	Silver Oz./ton
15,893,160	8.8	0.66	0.012	1.08

Ore reserves show a depletion of 803,072 tons after milling of 1,386,160 tons and the addition of 583,088 tons of new ore.

FILLING

A total of 656,475 tons of classified mill tailings and 204,443 tons of pit sand were placed for backfilling mined out stopes during the year. The classified tailings represents 58.3% of the available flotation tailings. To date a total of 5,050,790 tons of backfill has been introduced into empty stopes. There are presently 35 filled stopes and 9 in the process of being filled.

PILLAR EXTRACTION

Pillar ore made up 34.9% of the total ore mined underground during 1971. To date, of fifty ore blocks mined, fourteen have been pillars.

A portion of the crown pillar, uncovered by overburden removal, is being mined by open-cut methods and the ore passed back to the underground system. 218,289 tons have been handled in this manner.

DIAMOND DRILLING

Underground diamond drilling included ore outline, drain holes for water handling, and exploration drilling, and totalled 5,254 feet.

PERSONNEL

The number of employees at the end of 1971 was 443, eleven fewer than 1970.

Operating efficiency remained constant at 12.3 tons milled per manshift worked on the property.

Personnel turnover showed a decrease from the 1970 figure of 4.9% to 3.1% per month. At year-end 85% of the employees had a seniority of one year or more, a substantial increase over the 1970 figure of 78%.

The accident record continued to improve. There were 6 compensable injuries during the year for a compensable rate of 6.6 per million manhours. The provincial average is 16.1 for metal mines.

A three-year collective agreement was signed on 16 December 1971.

MATTABI MINES LIMITED

This Company, owned 60% by Mattagami Lake Mines Limited and 40% by Abitibi Paper Company Limited, is pushing the construction of its 3,000 ton per day mine and plant at Sturgeon Lake, 50 miles to the north of the town of Ignace, Ontario, towards a mid-summer production start.

By year-end the permanent office building was occupied by Mattabi personnel, and the service building, containing shops, garages, warehouse and changehouse, was virtually complete, except for heating facilities. The powerhouse was complete with equipment installation well advanced and the hydro power connected to the main switchboard. The lake and plant pumphouses were complete and equipment largely installed. All construction steel for the concentrator was erected with the exception of the fine ore bins. The mill siding and roofing was well advanced, and equipment installation had started in the flotation section. Grading of the 14-mile C.N.R. spur line to the property was completed in November and work suspended for the winter season.

During the year Mattagami personnel carried out research on refinements to the milling process.

At year-end Mattabi forces totalled 97 of whom 51 were hourly rated. A 3-year collective agreement was signed in May 1971.

There was no change to the previously published ore reserve figures, which at 31 August, 1970 were 12,866,000 tons grading 7.60% zinc, 0.91% copper, 0.84% lead, 3.13 oz. silver and 0.007 oz. gold per ton. Of this, some 8,236,000 tons of slightly higher grade will be mined by open pit methods.

EXPLORATION AND DEVELOPMENT

By year-end, geologists of Mattagami Lake Mines Limited and Falconbridge Nickel Mines Limited had reached agreement on the geological ore reserve grades and tonnages on both sides of the common boundary between Mattagami's claim group No. 23 and Sturgeon Lake Mines Limited.

Tonnage and grades of Mattagami's side amount to 826,250 tons grading 1.22% copper, 9.19% zinc, 1.40% lead, 5.24 oz. silver per ton and 0.015 oz. gold per ton. The major portion of the orebody is located on the Sturgeon Lake side of the common boundary. It is anticipated that much of the ore can be mined by open pit methods.

Discussions have been initiated to reach agreement on some form of joint operation.

RECENT DISCOVERY — CLAIM GROUP NO. 23 — STURGEON LAKE AREA

Drilling continued until year-end with two diamond drills on this new ore zone discovered in late October 1971. By year-end 7,341 feet of diamond drilling had been completed and assay results of eleven holes had been published. Exploration had outlined ore about 600 feet in length and 500 feet down the 40° dip to the North. The orebody appears to be open on both ends and down dip. Drilling will continue in 1972. No tonnage or grade estimate is yet available.

Exploration on other Mattagami holdings, in the Sturgeon Lake area, as well as in other areas of Ontario and Quebec, was carried out during the year by the Exploration Division.

GENERAL

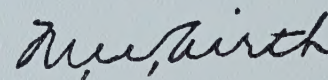
There was a marked increase in the population of the town of Matagami due mainly to the start of the James Bay Development Corporation project. This has resulted in an acute housing shortage which may continue for some time.

Contracts have been let for the construction of a permanent road north to Rupert House, as well as a 6,000 foot landing strip near the town.

The successful activities of the Employees Recreation Association, and of the Curling and Golf Clubs, were well appreciated by the employees. These have undoubtedly contributed to the good morale which exists in the community.

I wish to acknowledge with thanks the assistance and support received from the President, Officers and Directors of the Company throughout the year.

Also I record with pleasure the hard work, loyalty and full co-operation received from Mr. Camille Marcoux, Manager, his staff, and his employees of Mattagami Lake Mines Limited as well as from Mr. J. C. White, Manager, and his staff at Mattabi Mines Limited.



M. W. AIRTH, P. Eng.,
General Manager.

February 1, 1972

STATEMENT OF NET INCOME AND RETAINED EARNINGS
Year ended December 31, 1971
with comparative figures for 1970

	1971	1970
Gross value of metals produced	\$37,384,479	40,259,610
Less smelter and transportation charges	<u>7,889,981</u>	<u>9,052,075</u>
	29,494,498	31,207,535
Expenditures:		
Mine and zinc reduction plant expenses	12,946,861	13,351,724
Administration and corporate expenses	<u>282,118</u>	<u>379,651</u>
	13,228,979	13,731,375
	16,265,519	17,476,160
Depreciation and amortization:		
Buildings, plant and equipment	3,891,470	3,996,556
Preproduction and deferred development expenses	<u>600,000</u>	<u>995,315</u>
	4,491,470	4,991,871
Net operating income	11,774,049	12,484,289
Other income—interest	<u>576,392</u>	<u>1,119,522</u>
	12,350,441	13,603,811
Other charges:		
Exploration expenses	784,529	651,935
Share of net losses less net profits of subsidiaries (note 1)	452,269	210,000
Write-down of investment	<u>70,240</u>	<u>—</u>
	1,307,038	861,935
	11,043,403	12,741,876
Income taxes (note 3):		
Federal and provincial	3,726,000	3,714,000
Quebec mining duties	<u>1,580,000</u>	<u>1,116,000</u>
	5,306,000	4,830,000
Net income for the year	<u>5,737,403</u>	<u>7,911,876</u>
Retained earnings at beginning of year	40,067,149	42,066,373
	45,804,552	49,978,249
Cash dividends	<u>7,932,233</u>	<u>9,911,100</u>
Retained earnings at end of year	<u>\$37,872,319</u>	<u>40,067,149</u>
Earnings per share	<u>\$0.87</u>	<u>\$1.20</u>

See accompanying notes to financial statements.

BALANCE SHEET —

ASSETS

Current assets:

	1971	1970
Cash and short-term deposits	\$ 8,689,273	6,804,251
Settlements receivable	2,643,348	1,802,638
Taxes recoverable	—	585,764
Other accounts receivable	577,731	633,539
Concentrate and metal at reduction plants and in transit at estimated net realizable value	10,769,766	9,447,810
Concentrate stockpiled, at cost	614,518	—
Prepaid expense and deposits	146,621	137,894
	<u>23,441,257</u>	<u>19,411,896</u>

Fixed assets, at cost less accumulated depreciation:

Buildings, plant and equipment:		
Mine site	20,531,302	20,111,777
Zinc plant	19,858,569	19,575,000
	<u>40,389,871</u>	<u>39,686,777</u>
Less accumulated depreciation	28,309,115	24,519,148
	<u>12,080,756</u>	<u>15,167,629</u>
Mining property and rights	2,503,021	2,503,021
Land	364,425	364,425
	<u>14,948,202</u>	<u>18,035,075</u>

Investments:

Partly owned subsidiaries (note 1):		
Shares	2,621,252	950,180
Advances	4,052,329	8,046,536
	<u>6,673,581</u>	<u>8,996,716</u>
Other, at cost less amounts written off	566,624	427,227
	<u>7,240,205</u>	<u>9,423,943</u>

Other assets:

Preproduction and development expenses, at cost less amounts written off	2,126,885	2,398,865
Mine stores and supplies, at cost	670,330	638,347
	<u>2,797,215</u>	<u>3,037,212</u>
	<u>\$ 48,426,879</u>	<u>49,908,126</u>

See accompanying notes to financial statements.

DECEMBER 31, 1971 with comparative figures for 1970

LIABILITIES

Current liabilities:

	<u>1971</u>	<u>1970</u>
Accounts payable and accrued liabilities	\$ 940,030	1,213,520
Income taxes payable (note 3)	<u>1,374,543</u>	<u>427,800</u>
	2,314,573	1,641,320

Shareholders' equity:

Capital stock (note 2):		
Shares of a par value of \$1 each. Authorized		
7,000,000 shares; issued 6,611,975 shares	6,611,975	6,608,525
Premium on shares	<u>1,628,012</u>	<u>1,591,132</u>
	8,239,987	8,199,657
Retained earnings (note 3)	<u>37,872,319</u>	<u>40,067,149</u>
	46,112,306	48,266,806

On behalf of the Board:

W. S. ROW, Director.

J. B. REDPATH, Director.

<u>\$ 48,426,879</u>	<u>49,908,126</u>
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STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year ended December 31, 1971
with comparative figures for 1970

	<u>1971</u>	<u>1970</u>
Working capital at beginning of year	\$ <u>17,770,576</u>	<u>21,306,875</u>
Funds provided:		
From operations:		
Net income for the year	5,737,403	7,911,876
Charges not requiring cash expenditure:		
Depreciation and amortization	4,491,470	4,991,871
Share of net losses less net profits of subsidiaries	452,269	210,000
Write-down of investment	<u>70,240</u>	<u>—</u>
	10,751,382	13,113,747
Investments (net)	1,661,230	—
Issue of capital stock	<u>40,330</u>	<u>31,271</u>
	<u>1,701,560</u>	<u>31,271</u>
Total funds provided	12,452,942	13,145,018
Used as follows:		
Purchase of fixed assets (net):		
Buildings, plant and equipment:		
Mine site	449,602	652,665
Zinc plant	<u>354,996</u>	<u>597,673</u>
	804,598	1,250,338
Cash dividends	7,932,233	9,911,100
Investments (net)	—	4,452,132
Development expenses deferred	328,020	1,095,822
Increase (decrease) in mine stores and supplies	<u>31,983</u>	<u>(28,075)</u>
Total funds used	<u>9,096,834</u>	<u>16,681,317</u>
Addition to (reduction in) working capital	<u>3,356,108</u>	<u>(3,536,299)</u>
Working capital at end of year	\$ <u><u>21,126,684</u></u>	<u><u>17,770,576</u></u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 1971

1. The assets and liabilities and income and expense of the partly owned subsidiary companies have not been consolidated since four of them are part of a joint venture with four other mining companies and their operations are different from the mining operations of the Company, one of them, Mattabi Mines Limited, is in the process of plant construction and the remaining two companies are inactive mining companies which are not significant in the circumstances. However, the Company's share of the net losses less net profits since acquisition of the partly owned subsidiary companies has been included in the carrying value of the shares of and advances to these companies.

The balance sheet of Mattabi Mines Limited as of December 31, 1971, together with the auditors' report thereon, is attached to these financial statements.

2. Under the provisions of The Stock Option Plan, options on 3,450 shares were exercised during the year for \$40,330 cash of which \$3,450 was attributed to capital stock and \$36,880 to premium on shares. At December 31, 1971 options were outstanding as follows:

Number of shares	Price	To be exercised on or before
4,525	\$ 11.69	August 6, 1978
3,000	25.20	November 12, 1979
4,000	26.34	April 13, 1980
6,500	23.32	July 9, 1980

3. For 1971 the Company is claiming capital cost allowances and depreciation which are less than the related amounts in the Company's accounts (having claimed more in prior years) and provides in its accounts only for the taxes payable on its taxable income for the year.

This accounting treatment differs from the tax allocation basis by which the income tax provision is based on income reported in the accounts. If the tax allocation basis had been followed in 1971, net income would have been increased by \$480,000 (1970 — reduced by \$480,000), earnings per share would have been increased by 7 cents (1970 — reduced by 7 cents), and the cumulative amount of deferred tax credits to December 31, 1971 would have been \$3,240,000.

4. The aggregate direct remuneration paid to directors and senior officers during 1971 was \$112,500.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Mattagami Lake Mines Limited as of December 31, 1971 and the statements of net income and retained earnings and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, except that the provisions for income taxes and Quebec mining duties have not been computed on the tax allocation basis as explained in note 3, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
February 8, 1972

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

BALANCE SHEET — DECEMBER 31, 1971 with comparative figures for 1970**ASSETS**

	<u>1971</u>	<u>1970</u>
Current assets:		
Cash	\$ 26,039	27,274
Accounts receivable	363,784	13,266
Prepaid expense	106,165	5,609
	<u>495,988</u>	<u>46,149</u>
Fixed:		
Mining property and rights, at cost (note 1)	2,624,991	—
Plant construction in progress, at cost (note 2)	19,792,732	2,369,977
	<u>22,417,723</u>	<u>2,369,977</u>
Other assets:		
Preproduction and deferred development expenditures, at cost (note 2)	4,886,834	1,221,214
Mine stores and supplies, at cost	59,163	—
Incorporation costs	1,660	1,660
	<u>4,947,657</u>	<u>1,222,874</u>
See accompanying notes to balance sheet.	<u>\$ 27,861,368</u>	<u>3,639,000</u>

LIABILITIES

	<u>1971</u>	<u>1970</u>
Current liabilities:		
Accrued interest payable	\$ 184,185	—
Accounts payable and accrued liabilities	3,027,183	1,393,799
Advances from parent company, Mattagami Lake Mines Limited, bearing interest at 8½%	—	2,245,192
	<u>3,211,368</u>	<u>3,638,991</u>
Bank loans (note 3)	22,025,000	—
Shareholders' equity:		
Capital stock (note 1): Shares of a par value of \$1 each.		
Authorized 5,000,000 shares; issued 1,000,000 shares	1,000,000	9
Premium on shares	1,625,000	—
	<u>2,625,000</u>	<u>9</u>
	<u>\$ 27,861,368</u>	<u>3,639,000</u>
On behalf of the Board:		
W. S. Row, Director		
J. A. HALL, Director		

NOTES TO BALANCE SHEET
December 31, 1971

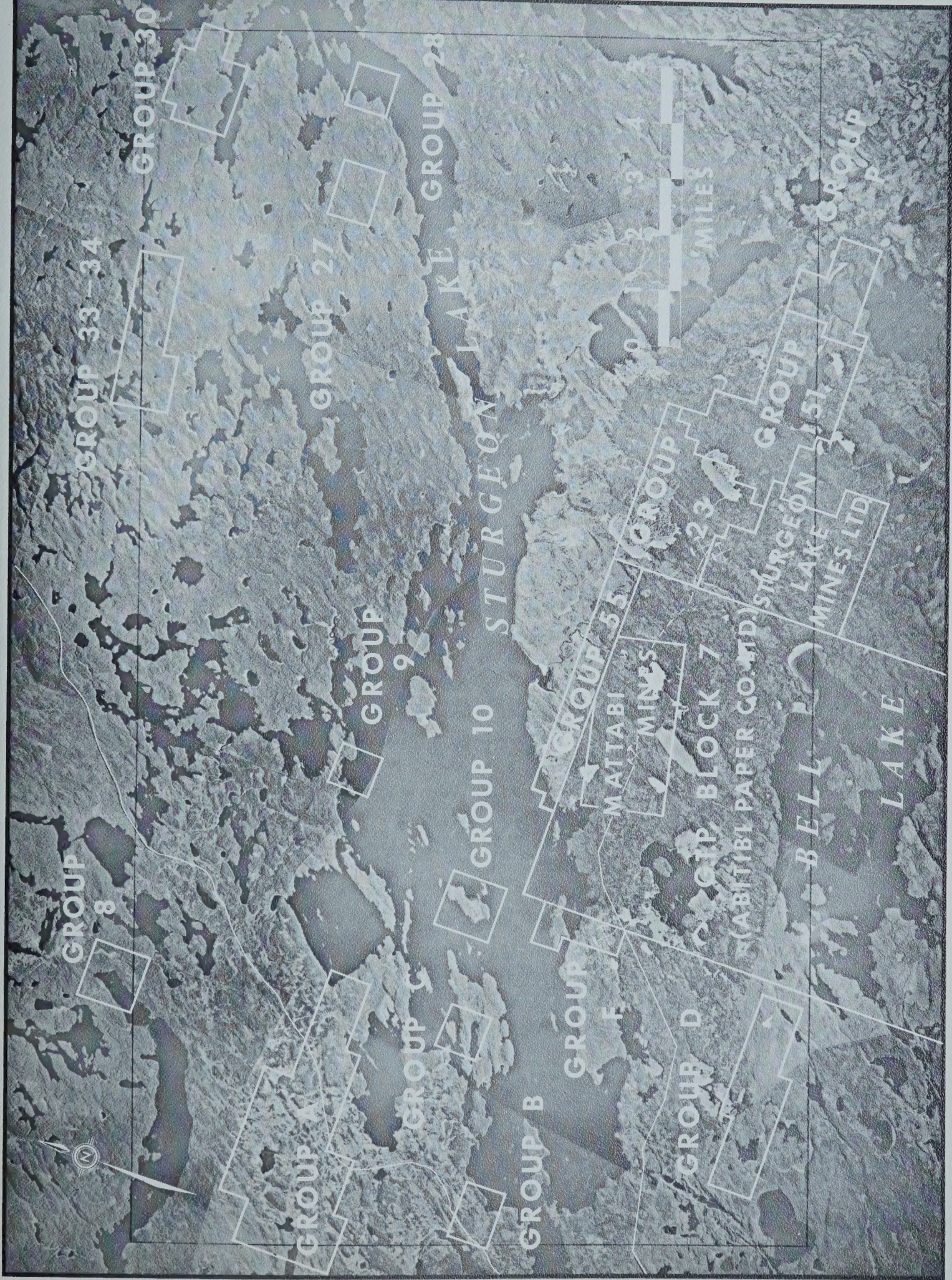
- During the year, the company issued 999,991 shares of capital stock in exchange for the mining property and rights valued at \$2,624,991.
- The company estimates that additional expenditures of approximately \$16,500,000 will be required for plant construction and preproduction and deferred development before production commences which is expected to be in the latter part of 1972.
- The company has arranged loans under bank lines of credit totalling \$42,500,000, repayable \$2,000,000 in each of the years 1973 to 1976 inclusive with the unpaid balance due June 30, 1977.
Advances are represented by demand promissory notes and are to be secured by First Mortgage Debentures providing for a first floating charge on all the property and assets of the company.

To The Directors**MATTABI MINES LIMITED**

We have examined the balance sheet of Mattabi Mines Limited as of December 31, 1971. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of the company at December 31, 1971, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants



GROUP 8

GROUP 33-34

GROUP 30

GROUP A

GROUP 9

GROUP 10

GROUP 27

GROUP C

GROUP B

GROUP E

GROUP 55

MATTABI MINES

GROUP D

GROUP BLOCK 7

(ABITIBI PAPER CO. LTD)

GROUP 23

GROUP 31

BELL LAKE

STURGEON LAKE MINES LTD

GROUP P

STURGEON LAKE

MILES

MATTAGAMI LAKE MINES LIMITED

(No Personal Liability)

AR52

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation of proxies by the management of Mattagami Lake Mines Limited (No Personal Liability) (the Company) for use at the Annual Meeting of the Shareholders of the Company to be held on Wednesday, the 14th day of April, 1971, at the time and place and for the purposes set forth in the Notice of Meeting.

Solicitation of Proxies

The execution and return of the enclosed instrument of proxy is solicited by the management of the Company. The solicitation will be primarily by mail, the cost of which will be borne by the Company.

Voting of Proxies

A Shareholder giving a proxy in the form enclosed has the power to revoke it at any time before it is exercised. **A Shareholder has the right to appoint a person to represent him at the Meeting other than the persons designated in the form of proxy.** Such right may be exercised by filling in the name of such person in the blank space provided in the form of proxy. The Quebec Companies Act provides that no person shall act as a proxy unless he is entitled on his own behalf to be present and vote at the Meeting or has been appointed to act at the meeting as proxy for a Corporation.

The shares represented by a proxy in the form enclosed will be voted for the election of the persons herein proposed for nomination as Directors, for the reappointment of Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, Toronto, as auditors of the Company as hereinafter set out.

The management of the Company understands that Teck Corporation Limited owns 792,671 shares or approximately 12.0%, of the outstanding shares of the Company and that Iso Mines Limited, an associate of Teck Corporation Limited, owns 280,850 shares, or approximately 4.2% of the outstanding shares of the Company.

Voting Shares and Principal Holders Thereof

At the close of business on February 15th, 1971, there were outstanding 6,609,325 shares of the Company of a par value of \$1.00 each. Shareholders of record at the time of the Meeting are entitled to one vote for each share held.

Canadian Exploration Limited as of February 15th, 1971, owned 1,796,076 shares of the Company, representing 27.2% of the outstanding shares and Noranda Mines Limited as of February 15, 1971, owned 2,075,000 shares of the Company representing 31.4% of the outstanding shares.

Election of Directors

The Board consists of ten directors to be elected annually. Each director so elected will hold office until the next Annual Meeting or until his successor is duly elected or appointed. It is the intention of the persons named in the enclosed form of proxy to vote for the election of the proposed nominees whose names are set forth below, all of whom (with the exception of Norman B. Keevil and J. A. Hall) are now directors of the Company and have been since the dates indicated. If any of the proposed nominees should for any unforeseen reason, be unable to serve as director of the Company, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table and notes thereto set out the names of the ten persons proposed to be nominees for election as directors, all positions and offices with the Company now held by them, their principal occupation or employment, the year in which they became directors of the Company, and the approximate number of shares of the Company beneficially owned directly or indirectly by each of them, as of February 15, 1971.

<u>Proposed Nominees</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Number of Shares Owned</u>
M. W. Airth Matagami, Quebec Director	General Manager of the Company, and prior to that, Manager.	1970	1,000
J. M. R. Corbet Toronto, Ontario Director.	Company Director	1958	16,000
R. G. Duthie Vancouver, British Columbia Director.	Assistant to the President, Placer Development Limited (a mining company).	1966	50
J. A. Hall Toronto, Ontario	Vice-President, Mining Projects, Noranda Mines Limited, formerly Assistant to the Executive Vice-President, Noranda Mines Limited, and prior to that, Manager, Gaspé Copper Mines, Limited.		1,000
Norman B. Keevil Toronto, Ontario	President, Teck Corporation Limited (a mining company) and predecessor companies.		100
R. Letourneau, Q.C. Quebec City, P.Q. Director.	Senior partner in the legal firm of Letourneau, Stein, Marseille, Bienvenue, Delisle & LaRue.	1963	5,000
T. H. McClelland Vancouver, British Columbia Vice-President and Director.	President and Chief Executive Officer, Placer Development Limited (a mining company).	1959	1

<u>Proposed Nominees</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Number of Shares Owned</u>
J. B. Redpath	President, Dome Mines Limited.	1958	1100
Toronto, Ontario. Director.			
W. S. Row	Executive Vice-President, Noranda Mines Limited.	1959	5,000
Toronto, Ontario. President and Director.			
W. Dent Smith	Company Director	1967	1
Toronto, Ontario. Director.			

Note: The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.

Remuneration of Directors and Senior Officers

- Aggregate direct remuneration paid or payable by the Company and its subsidiaries in 1970 to the directors and senior officers of the Company \$ 128,500
- Estimated aggregate cost to the Company and its subsidiaries in 1970 of all pensions proposed to be paid to the directors and senior officers of the Company under existing plans in the event of retirement at normal retirement age \$ 2,984
- (a) During 1970 senior officers of the Company were granted stock options for the purchase of common shares of the Company as follows:

<u>Date Share Options Granted</u>	<u>Number of Common Shares included</u>	<u>Purchase Price Per Share</u>	<u>Date Option Expires</u>	<u>Price Range of Shares on Toronto Stock Exchange in 30 day period preceding Grant</u>
April 14, 1970	4,000	\$26.34	April 13, 1980	\$24 $\frac{3}{8}$ — \$30 $\frac{3}{4}$
July 10, 1970	6,500	\$23.32	July 9, 1980	\$23 $\frac{3}{8}$ — \$26

- (b) During 1970 senior officers of the Company purchased common shares of the Company pursuant to stock options granted to them by the Company as follows:

<u>Quarter in 1970</u>	<u>Number of Common Shares purchased</u>	<u>Purchase Price Per Share</u>	<u>Price Range of Shares on Toronto Stock Exchange</u>
January — March	550	\$11.69	\$24 $\frac{3}{8}$ — \$31 $\frac{7}{8}$
April — June	500	\$11.69	\$20 $\frac{1}{8}$ — \$30 $\frac{3}{8}$
July — September	1,000	\$11.69	\$18 $\frac{3}{4}$ — \$25
October — December	625	\$11.69	\$22 — \$27 $\frac{1}{2}$

(The option price is fixed at 95% of an average trading price of the shares on the Toronto Stock Exchange at the time the option is granted).

Management Contract

Noranda Mines Limited performs certain functions of management in connection with the operation of the electrolytic zinc reduction plant (62 $\frac{1}{2}$ % owned by the Company) for which the Company paid \$48,750 in 1970 and Noranda Mines Limited provides accounting and head office facilities for which the Company paid \$52,000 in 1970.

The names and addresses of the insiders of Noranda Mines Limited are: James C. Dudley, Room 1500, 521-5th Avenue, New York, N.Y.; Louis Hebert, 511 Place d'Armes, Montreal, Quebec; Hon. G. B. Foster, Q.C., 3301 - 1155 Dorchester Blvd. W., Montreal, 2, Quebec; William James, 1506-44 King Street West, Toronto 1, Ontario; André Monast, Q.C., 500 Grand Allée East, Quebec, P.Q.; J. D. Simpson, 700 Burrard Bldg., Vancouver 5, B.C.; W. P. Wilder, 36 King Street West, Toronto 1, Ontario; R. C. Ashenhurst; J. R. Bradfield; W. G. Brissenden; E. K. Cork; R. G. Driver; Edward Futter; J. A. Hall; J. O. Hinds; L. G. Lumbers; R. L. Pepall, Q.C.; R. V. Porritt; Alfred Powis; R. P. Riffin; W. S. Row; D. E. G. Schmitt; A. H. Zimmerman, 1700-44 King Street West, Toronto 1, Ontario. The management of Noranda Mines Limited has advised the Company that Hollinger Mines Limited of 2412, King St. West, Toronto 1, Ontario owns 1,801,520 shares, or approximately 7.4% of the outstanding shares of Noranda Mines Limited and that Labrador Mining and Exploration Limited, of 601, 1155 Dorchester Blvd. W., Montreal 2, Quebec, an affiliate of Hollinger Mines Limited owns 815,310 shares, or approximately 3.4% of the outstanding shares of Noranda Mines Limited.

Appointment of Auditors

The persons named in the enclosed form of proxy will vote for the reappointment of Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, Toronto, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders.

General

The management of the Company knows of no matters to come before the meeting other than the matters referred to in the notice of the meeting. However, if any other matters which are not now known to the management of the Company should properly come before the meeting forms of proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgment of the person voting the proxy.

Dated: March 5, 1971.